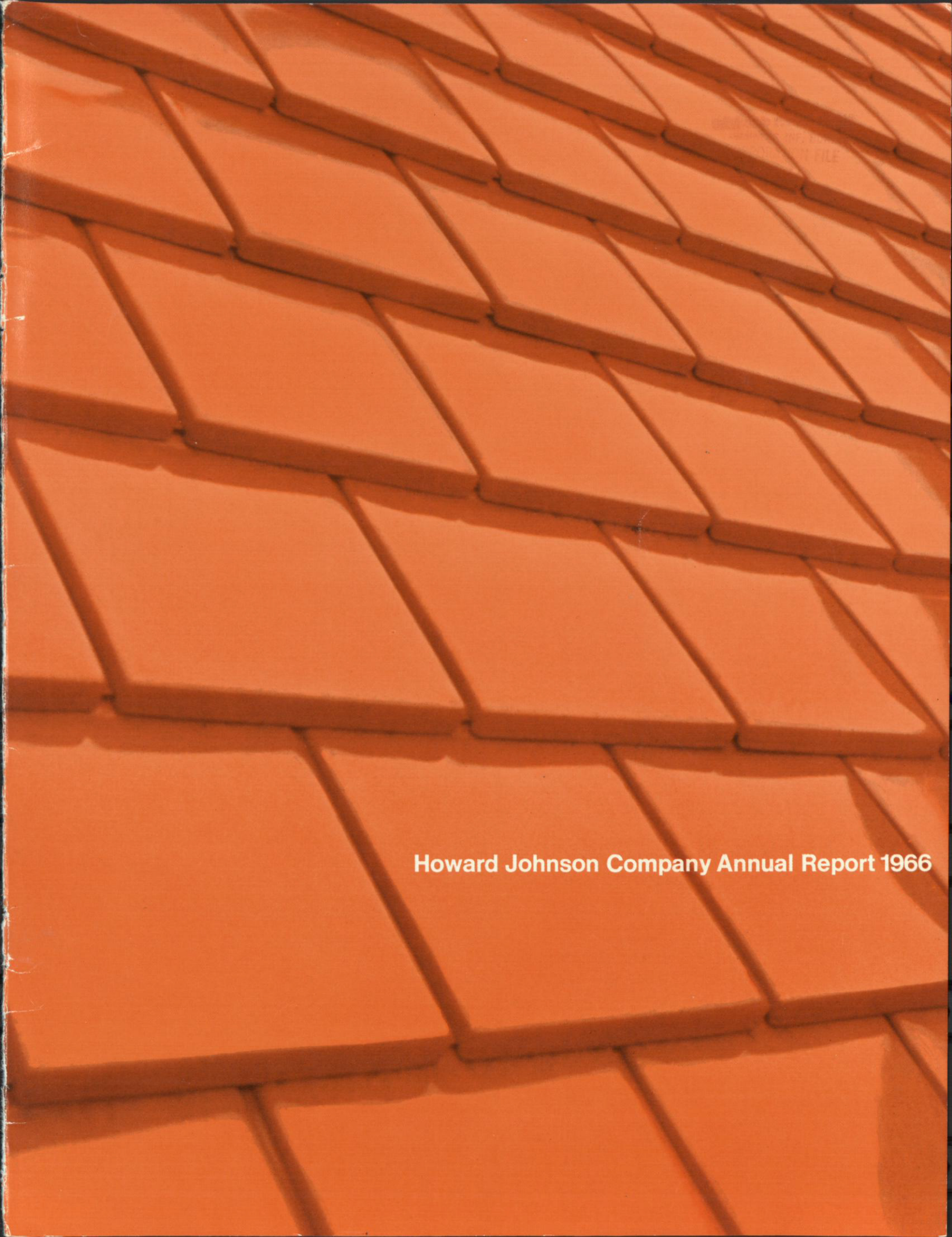


Howard Johnson Company Annual Report 1966

HOWARD
JOHNSON'S

Financial Highlights Howard Johnson Company

	1966	1965
Total Income	$200,092,274	$175,530,695
Income Before Federal Income Taxes	15,784,823	15,954,594
Federal Income Taxes	6,500,000	6,930,000
Net Income	9,284,823	9,024,594
Net Income Per Share (Based on the number of shares outstanding at the end of the year—1965 adjusted for the two per cent stock dividend and the 100 per cent stock distribution in 1966.)	$1.90	$1.86
Depreciation Charges	7,210,523	5,722,862
Additions to Fixed Assets	18,587,078	14,136,364
Working Capital at December 31	19,861,739	17,361,826
Ratio of Current Assets to Current Liabilities at December 31	2.1	2.1

In 1966 total income and net income of the Howard Johnson Company increased for the eighth consecutive year.

Total income exceeded $200 million for the first time, rising 14 per cent to $200,092,000, from $175,531,000 in 1965. In the five years since the first public sale of Howard Johnson Company common stock, total income has increased almost 100 per cent.

Net income, which has risen over 125 per cent during the same five-year period, increased to $9,285,000 in 1966, from $9,025,000 in 1965. Earnings were $1.90 per share, compared to earnings of $1.86 per share in 1965, adjusted for the two per cent stock dividend and the 100 per cent stock distribution in 1966.

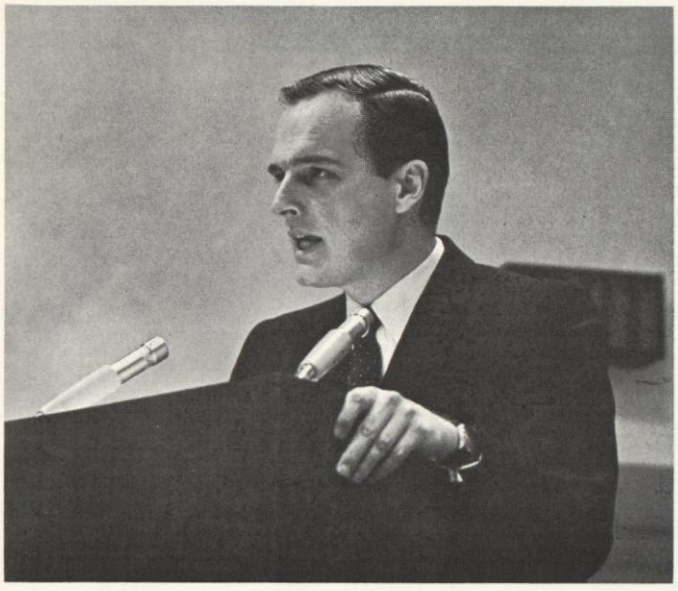
Despite the presence of some unfavorable factors in the national economy, 1966 was another year of profitable growth for Howard Johnson Company restaurant and motor lodge operations. It was also a year during which we made substantial investments in our future.

The rapid growth in depreciation expense that has accompanied our ambitious capital expenditure program was reflected in our cash flow, which increased nearly 12 per cent to $16,495,000 in 1966, from $14,747,000 in 1965. Total additions to fixed assets in 1966 amounted to $18,587,000, a 31 per cent increase over the preceding year.

A total of 66 Howard Johnson's restaurants and 50 Howard Johnson's motor lodges were opened during the year, increases of 27 and 47 per cent, respectively, over the number of units opened in 1965. Grocery Products Division sales increased 25 per cent, to approximately $10 million. The completion of major construction projects in Brockton and Wollaston, Mass. added significantly to our processing and distribution capabilities.

Our Beverage Division introduced the new HoJo line of carbonated soft drinks through supermarket and other retail outlets in limited test markets. The HoJo Junction Division developed a profitable prototype for a new chain of lower-price, self-service restaurants, and the Landmark Supply Division made a profitable entrance into the furniture and equipment supply business.

Promotional and organizational expenses incurred by the Beverage and HoJo Junction Divisions resulted in losses in both these new ventures. The Grocery Products Division's profit margins narrowed, reflecting expenses associated with the redesigning of its product packaging, presentation of the company's first color television advertisements, and higher raw material costs. "Tight money" resulted in a decline in the receipt of initial license fees as prospective licensees had to postpone their plans because they could not obtain necessary financing. Gains on disposals of fixed assets declined from their 1965 high. In addition, depreciation, which we report on an accelerated basis, continued to rise at a significantly faster rate



than total income. Our ability to achieve a modest improvement in net income despite these various income reductions and the added burden of higher labor, raw material, and other expenses attests to the fundamental soundness of the company's business.

There are indications that wage costs and certain commodity prices will continue to exert pressures on the company's profit margins in 1967. The immediate outlook is also clouded by external factors over which we have no control, particularly the proposed increase in federal income taxes and the suspension of the investment tax credit. The impact of the latter will, however, be reduced by the large number of capital projects started before the suspension period. In addition, credit has eased slightly, and we may have seen the worst of the tight money situation.

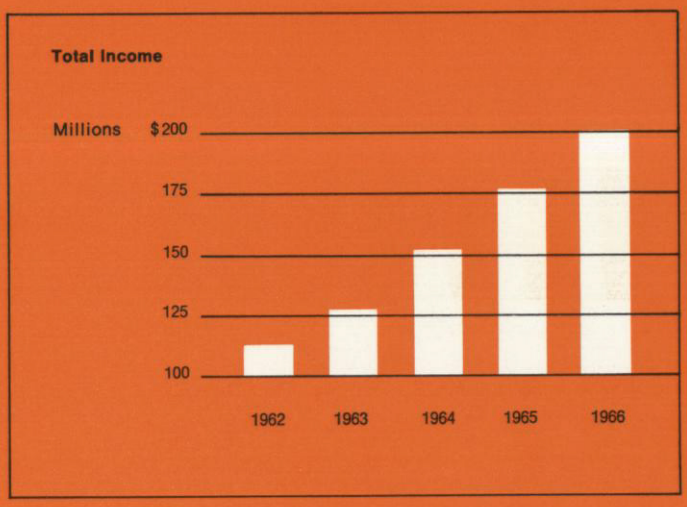
Our rapid growth will continue to confront us with the problem of adapting our organization to the growing size and complexity of the company's operations. In 1966 we took major steps in our organizational evolution. Four experienced executives were elected to newly created positions as executive vice presidents. These changes, and the addition of many capable individuals to our staff, greatly strengthened our company to meet the challenges of the future, and I look forward with confidence to the continued growth of the Howard Johnson Company.

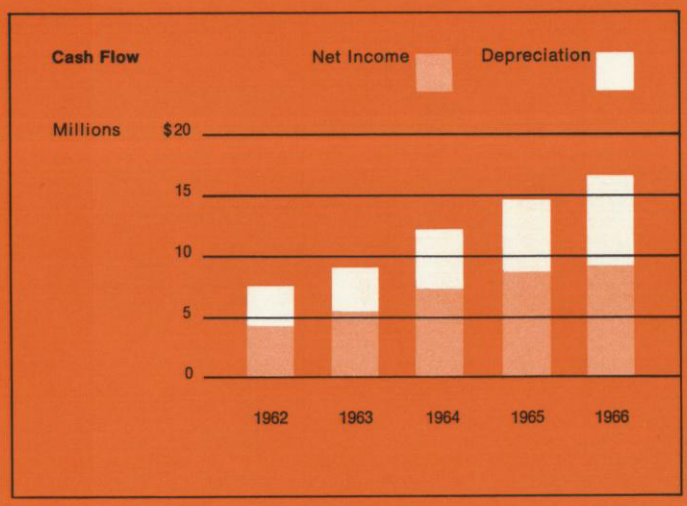
The Board of Directors and management join with me in expressing our appreciation and thanks to our more than 11,000 stockholders for their continuing interest and support, and to our more than 18,000 employees for their loyal and able service.

Howard B Johnson

February 28, 1967 Howard B. Johnson, President

Howard Johnson Company and Subsidiaries 10 Years of Progress





Income:	
	Net sales
	Licensing and other income*
	Gain on disposals of fixed assets
	Total income
Costs and expenses:	
	Cost of sales and manufacturing, warehousing and transportation expenses, excluding depreciation
	Selling, restaurant and motor lodge operating, administrative and general expenses, excluding depreciation
	Depreciation of fixed assets
	Interest
	Cash dividends paid on, and premiums on retirement of, preferred stock of a subsidiary
	Total costs and expenses
Income before federal income taxes	
Provision for federal income taxes	
Net income	
Net income per share**	

*Licensing and other income for the year 1964 includes $312,000 relating to an item of non-recurring income.

**Net income per share based on the number of shares outstanding at the end of the year, 1965 and prior years adjusted for subsequent stock dividends and the 100 per cent stock distribution in 1966.

1966	1965	1964	1963	1962	1961	1960	1959	1958	1957
$194,157,249	$170,123,647	$148,614,464	$124,315,532	$111,106,275	$100,541,522	$95,006,944	$89,282,634	$79,661,952	$72,995,014
5,575,416	4,766,469	3,812,802	2,650,034	2,290,476	1,702,852	1,504,900	998,626	770,487	506,831
359,609	640,579	371,185	140,006	79,741	137,245	287,111	14,842	160,514	495,681
200,092,274	175,530,695	152,798,451	127,105,572	113,476,492	102,381,619	96,798,955	90,296,102	80,592,953	73,997,526
83,564,219	74,031,309	64,677,018	55,392,571	51,458,645	46,844,631	44,526,255	42,120,387	38,827,022	36,004,499
92,902,721	79,536,886	69,290,799	57,131,479	49,754,411	44,301,184	42,021,766	38,228,645	34,517,361	31,069,434
7,210,523	5,722,862	4,529,683	3,514,826	3,069,472	2,825,973	2,622,722	2,422,542	2,305,577	2,192,597
629,988	285,044	222,106	124,878	160,306	196,816	223,219	228,661	278,424	256,300
—	—	—	—	—	—	21,445	13,244	17,010	14,480
184,307,451	159,576,101	138,719,606	116,163,754	104,442,834	94,168,604	89,415,407	83,013,479	75,945,394	69,537,310
15,784,823	15,954,594	14,078,845	10,941,818	9,033,658	8,213,015	7,383,548	7,282,623	4,647,559	4,460,216
6,500,000	6,930,000	6,470,000	5,550,000	4,430,000	4,120,000	3,655,539	3,701,438	2,332,090	2,137,523
$ 9,284,823	$ 9,024,594	$ 7,608,845	$ 5,391,818	$ 4,603,658	$ 4,093,015	$ 3,728,009	$ 3,581,185	$ 2,315,469	$ 2,322,693
$1.90	$1.86	$1.59	$1.13	$.97	$.86	$.78	$.75	$.49	$.49

Howard Johnson Company and Subsidiaries

Consolidated Statement of Income and Retained Earnings

Year ended December 31		1966	1965
Income:	Net sales	$194,157,249	$170,123,647
	Licensing and other income	5,575,416	4,766,469
	Gain on disposals of fixed assets	359,609	640,579
	Total income	200,092,274	175,530,695
Costs and expenses:	Cost of sales and manufacturing, warehousing and transportation expenses, excluding depreciation	83,564,219	74,031,309
	Selling, restaurant and motor lodge operating, administrative and general expenses, excluding depreciation	92,902,721	79,536,886
	Depreciation of fixed assets	7,210,523	5,722,862
	Interest	629,988	285,044
	Total costs and expenses	184,307,451	159,576,101
Income before federal income taxes		15,784,823	15,954,594
Provision for federal income taxes, less investment tax credit of $738,000 in 1966 ($535,000 in 1965)		6,500,000	6,930,000
Net income (per share: 1966—$1.90; 1965—$1.86*)		9,284,823	9,024,594
Retained earnings at beginning of year		42,046,674	36,665,974
Market value of 36,249 shares of common stock (35,062 shares in 1965) and 11,332 shares of common stock B (11,110 shares in 1965) issued as 2% stock dividends (Note D)		(4,233,282)	(3,643,894)
Retained earnings at end of year		$ 47,098,215	$ 42,046,674

*Adjusted for the 2% stock dividend and the 100% stock distribution in 1966.

Consolidated Statement of Source and Application of Funds
Year Ended December 31, 1966

Source of funds:	Net income	$ 9,284,823
	Depreciation of fixed assets	7,210,523
	Net proceeds from disposals of fixed assets	279,715
	Increase in noncurrent notes payable	3,607,399
	Proceeds from exercise of employee stock options	704,531
		21,086,991
Application of funds—Additions to fixed assets		18,587,078
Increase in working capital		$ 2,499,913

Opinion of Independent Accountants

To the Board of Directors
and Stockholders of Howard Johnson Company

In our opinion, the accompanying balance sheet, the related statement of income and retained earnings and the statement of source and application of funds present fairly the consolidated financial position of Howard Johnson Company and subsidiaries at December 31, 1966, the results of their operations and the supplementary information on funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

February 20, 1967 Boston, Massachusetts

Howard Johnson Company and Subsidiaries

Consolidated Balance Sheet

Assets	December 31	1966	1965
Current assets:	Cash	$ 6,973,383	$ 9,736,230
	U.S. Treasury bills and other short-term securities, at cost (approximate market)	12,593,244	10,188,302
	Accounts receivable:		
	Trade, less allowance for doubtful balances	4,075,246	2,641,264
	Other	377,705	296,386
	Inventories of merchandise and materials, at average cost or market whichever is lower	12,936,955	10,435,352
	Prepaid expenses	603,931	397,413
	Total current assets	37,560,464	33,694,947
Fixed assets, at cost (excluding fully-depreciated assets):			
	Land and land improvements	6,938,615	5,594,820
	Buildings owned	7,658,160	5,890,252
	Buildings and improvements on leased property	16,841,522	14,182,138
	Restaurant and motor lodge equipment	41,527,518	33,393,776
	Plant, office and transportation equipment	10,132,720	8,771,439
		83,098,535	67,832,425
	Less– Depreciation	31,053,171	26,862,186
		52,045,364	40,970,239
Other assets:	Cash surrender value of life insurance policies	232,959	208,901
	Miscellaneous	793,921	796,264
		1,026,880	1,005,165
		$90,632,708	$75,670,351

Liabilities and Capital	December 31	1966	1965
Current liabilities:	Notes payable—portion due within one year (Note B)	$ 5,942,633	$ 2,755,200
	Accounts payable	5,321,775	5,292,147
	Accrued expenses	2,631,974	2,989,744
	Federal income taxes	3,802,343	5,296,030
	Total current liabilities	17,698,725	16,333,121
Notes payable—portion due after one year (Note B)		9,119,831	5,512,432
Capital and retained earnings (Note C):	Common stock, par value $1 per share:		
	Authorized– 6,700,000 shares in 1966, 3,250,000 in 1965		
	Issued–4,884,190 shares in 1966, 1,809,125 in 1965	4,884,190	1,809,125
	Common stock B, par value $1 per share:		
	Authorized– 144,166 shares in 1966, 859,944 in 1965		
	Issued– None in 1966, 566,585 shares in 1965	—	566,585
	Capital surplus (Note D)	11,831,747	9,402,414
	Retained earnings	47,098,215	42,046,674
		63,814,152	53,824,798
	Lease commitments (Note E)		
		$90,632,708	$75,670,351

Note A—Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Howard Johnson Company and its subsidiaries, all of which are wholly-owned.

Note B—Notes Payable

At December 31, 1966 the Company was obligated under notes payable summarized as follows:

	Portion due	
	Within one year	After one year
Notes payable to banks, 4½% to 6%, unsecured	$5,304,161	$6,833,342
Real estate and chattel mortgages, mostly at 5% to 6%	492,682	2,097,707
Other	145,790	188,782
	$5,942,633	$9,119,831

The aggregate amounts which mature in each of the years 1967 to 1971, inclusive, for the indebtedness summarized above are $5,942,633, $5,169,346, $2,827,191, $244,384 and $195,177, respectively.

Note C—Capital Stock and Stock Options

In April 1966 the Company's stockholders approved an increase in the authorized shares of common stock from 3,250,000 to 6,700,000 shares and of common stock B from 859,944 to 1,300,000 shares.

In May 1966 a 100% stock distribution was made to stockholders of each class with the issuance of 1,852,259 shares of common stock and 577,917 shares of common stock B. The aggregate par value of the shares issued, $2,430,176, was transferred from capital surplus to the respective capital stock accounts.

The two classes of common stock are subject to certain rights and restrictions as to dividends, voting, conversion, etc. Dividend rights and restrictions provide that dividends other than stock dividends may be declared and paid on common stock without similar action being taken on the common stock B. If a dividend is declared and paid on that stock, a dividend of the same kind and at no lesser rate per share must be declared and paid on the common stock. All or part of the outstanding shares of common stock B may be converted into common stock, on a share for share basis, by the affirmative vote of the holders of a majority of the outstanding common stock B shares. In December 1966 these holders voted to convert all of their 1,155,834 shares to a like number of shares of common stock. While this became effective in January 1967, the accompanying financial statements recognize this conversion and the reduction of authorized shares of common stock B to 144,166 shares.

The Company has stock options outstanding under stock option plans adopted in 1961 and 1966. At the beginning of 1966, options to purchase 137,170 shares of the Company's common stock were held by executives and key employees of the Company and its subsidiaries. During 1966 options for 37,740 shares were exercised, options were granted to purchase 148,960 shares and options for 4,120 shares expired. All stock option shares and prices have been adjusted where applicable for the 2% stock dividend and the 100% stock distribution in 1966.

At the end of 1966 the following options were outstanding:

Year of grant	Year of expiration	Average price per share	Total shares under option at December 31, 1966	
			Exercisable	Outstanding
1961	1968	$16.68	38,150	38,150
1964	1969	28.50	18,508	28,772
1965	1970	39.27	12,011	29,408
1966	1971	53.04	—	147,940
			68,669	244,270

Options become exercisable as to 40% of the shares one year from the date of grant, 30% two years thereafter and the remainder after three years. Under the terms of the plans, additional options for 54,856 shares may be granted at prices no less than 100% of their fair market value at the date of grant.

Note D—Capital Surplus

The changes in capital surplus during the year were as follows:

Balance January 1, 1966	$ 9,402,414
Add: Excess of market value over par value of 47,581 shares of capital stock issued as 2% stock dividend	4,185,701
Excess of proceeds over par value of shares issued upon exercise of stock options	673,808
Deduct—Par value of shares of capital stock issued as 100% stock distribution	(2,430,176)
Balance December 31, 1966	$11,831,747

Under Maryland corporate law, all or part of the amount transferred from retained earnings to capital surplus in connection with the 2% stock dividend may have been deemed to constitute capital surplus of the parent company prior to the transfer.

Note E—Lease Commitments

The aggregate amount of rentals charged to income in 1966 was approximately $14,700,000, comprising real estate rentals under minimum annual rental and percentage-of-sales agreements and rentals of real estate, trucks and equipment under short-term lease arrangements. The aggregate of the minimum annual rentals under long-term leases, most of which expire in various years to 1986, is approximately $7,600,000, exclusive of taxes, insurance and other expenses to be paid by the lessee.

The Company is also contingently obligated under leases, most of which expire in various years to 1986, relating to properties occupied by licensees. The aggregate of the minimum annual rentals under these leases is approximately $760,000.

Review of Operations

Restaurant Operations

During the year 66 new Howard Johnson's restaurants were opened, an increase of 27 per cent over the number added in the previous year.

A high rate of expansion continued in the South, where 22 restaurants were opened, and in the Midwest, where 21 restaurants were opened. Public reception of new California operations continues to be encouraging, and the addition of four new restaurants in the Los Angeles area brought the total on the West Coast to eight.

New dining rooms, cocktail lounges, or snack bars were added to 13 existing company-operated restaurants and 14 licensed restaurants. The resultant increase in seating capacity is equivalent to the addition of approximately ten new restaurants.

Twenty-three low-profit restaurants were closed.

As of December 31 there were 793 Howard Johnson's restaurants in 37 states, the District of Columbia and the Bahamas, and 38 restaurants were under construction. The year's growth is summarized in the table below.

	Number of Restaurants		
	Company-Operated	Licensee-Operated	Total
December 31, 1965	419	331	750
Opened	51	15	66
Acquired from Licensees	2	(2)	—
Closed	(15)	(8)	(23)
December 31, 1966	457	336	793

Restaurant profits increased in 1966 as sales rose 13 per cent. Generally higher costs were partly offset by selected

The Red Coach
Red Coach
- Grill -
COCKTAIL BAR

price increases and increased efficiency resulting from revised operating procedures, improved personnel training and installation of new equipment.

Operations in the Northeast continued to register satisfactory volumes despite the closing of the World's Fair in New York, confirming management's decision three years ago to build permanent restaurants "around and approaching" the Fair, rather than temporary units within its boundaries. Our restaurant operations should benefit from travel related to the new fair, Expo 67, scheduled to open in Canada in April 1967.

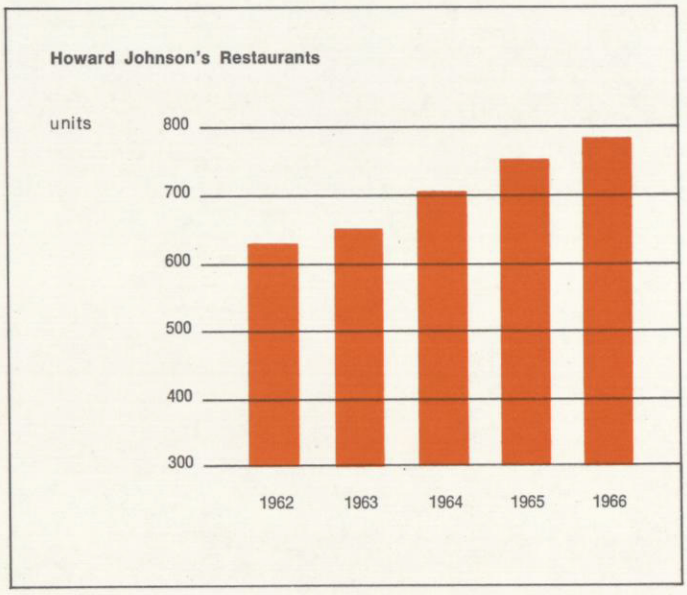
In 1966 we continued to investigate a restaurant operation in the menu price range immediately above that of a Howard Johnson's restaurant. In addition, we proceeded with the development of our HoJo Junctions—self-service, limited-menu operations in a price category between a Howard Johnson's restaurant and a typical drive-in. These units will provide inside seating and offer quality and portions comparable to Howard Johnson's restaurants.

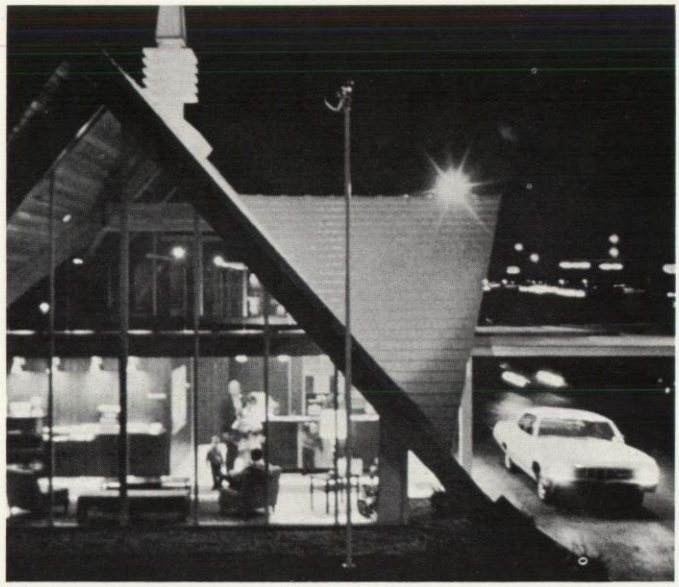
Red Coach Grill Division

Red Coach Grill Division sales increased in 1966. Profits dipped slightly under the prior year's record level, reflecting higher operating and administrative costs. The 18th Red Coach Grill opened during September in Pittsburgh's Chatham Center but was closed in December as the result of a labor dispute involving another employer in the Chatham Center complex. It is hoped that this matter will be resolved shortly.

Automatic Merchandising Division

The Automatic Merchandising Division was formed in 1966 through the consolidation of company-owned vending operations that had been servicing high-volume restaurant locations since the 'fifties. The division is studying expansion of vending operations both in our own places of business and in other locations.

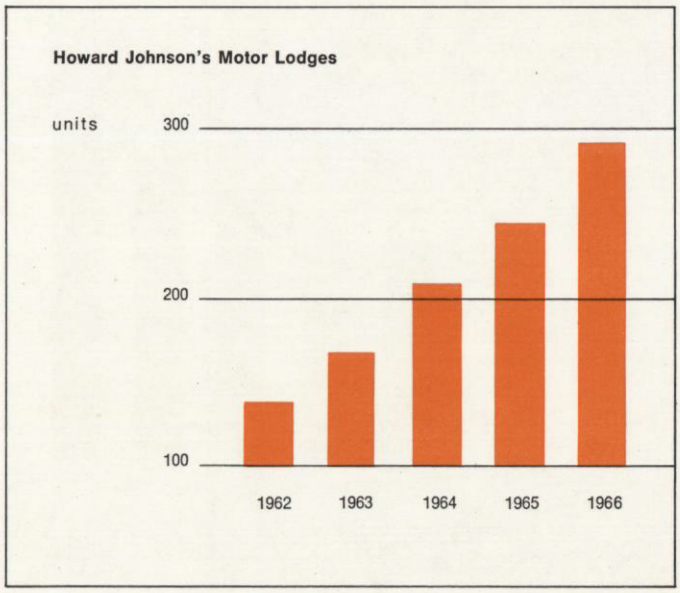




During the year 50 new Howard Johnson's motor lodges were opened, an increase of 47 per cent over the number added in the previous year.

Eight of these are licensed high-rise motor lodges. This brings the number of these larger structures to 20. Four of the new motor lodges are company-operated, bringing the total of these units to nine.

As of December 31 there were 292 motor lodges, with a total of more than 25,000 rooms in 34 states and the District of Columbia; 35 motor lodges, including six high-rise lodges, were under construction. The year's growth is summarized in the table below.



	Number of Motor Lodges		
	Company-Operated	Licensee-Operated	Total
December 31, 1965	5	239	244
Opened	4	46	50
Closed	—	(2)	(2)
December 31, 1966	9	283	292

Motor Lodge Division operations were highly profitable in 1966. Despite the large number of new rooms added during the year, the average occupancy rate for the entire year increased.

A National Motor Lodge Sales Department was organized to promote increased use of our facilities by major business concerns, and new Rapid Reservation Centers were opened in Detroit and Chicago to assist travelers in obtaining prompt confirmation of reservations.

A new Motor Lodge Training School was established in Miami. This school offers classroom and on-the-job instruction in operating practices and procedures to licensed operators and managers.

In April we signed an agreement with Texaco Inc. that permits the oil company's credit card holders to charge their meals and lodging when staying in Howard Johnson's motor lodges. Texaco is a highly successful promoter of credit card business and operates in all 50 states. Initial results from this arrangement are very encouraging.

HOWARD JOHNSON'S
Motor Lodge
Restaurant

A newly installed circular "blast" freezer sharply reduces freezing times.

HoJo television commercials are designed to reach the growing youth market.

Our network of strategically located commissaries and distribution centers — numbering 22 at year end — now prepares and distributes more than 700 different food products and other items to Howard Johnson's restaurants from coast to coast. This system of operation builds profits, provides efficient service and maintains the standards of dependable high quality that the traveling public expects to find under the orange roof.

Increased restaurant and take-home food sales were reflected in increased commissary volumes in 1966. Selected increases in our wholesale prices and improved operating efficiency enabled us to offset higher raw material costs and rising operating expenses.

More than $3.5 million was spent during the year on new facilities and improvements that will enable us to prepare and distribute the rapidly growing output of our commissaries with increased efficiency.

A 57,000-square-foot distribution center was erected in Brockton, Mass. at a cost of $1.3 million. With over one million cubic feet of additional storage space, it is one of the largest facilities of its kind in the Northeast. A "built-in" conveyor system allows orders of restaurant foods and grocery products to be assembled on pallets and held until ready for shipment.

In addition, a 12,000-square-foot distribution center was built in Dallas.

Expansion and modernization of the candy and syrup plant in Wollaston, Mass. was completed at a cost of $725,000. High-speed, automated equipment for syrups and relishes has increased production capacity by 100 per cent while reducing production costs.

A testing laboratory was built and placed in operation at our ice cream plant in Englewood, N. J. This new facility serves as a research center for the development of new flavors, and tests product samples for quality control of all six of our ice cream plants.

At the Brockton commissary, production facilities were redesigned and new high-speed equipment installed to meet the growing requirements of our Grocery Products Division.

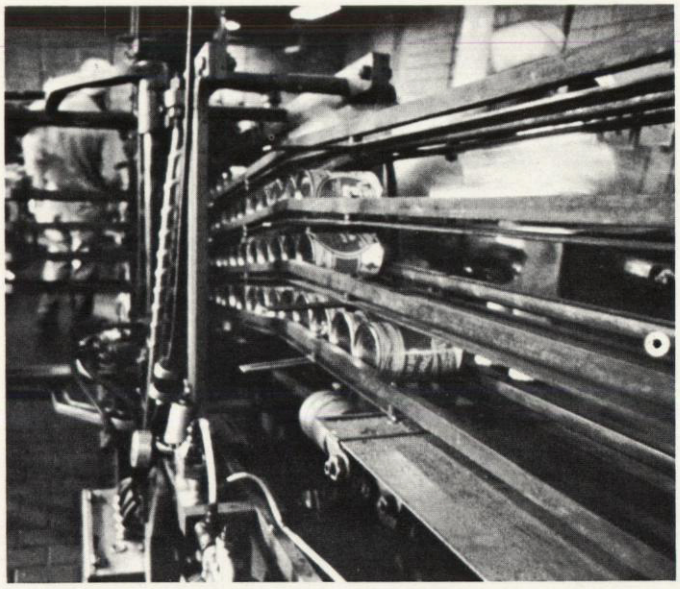
At the Queens Village, N.Y. commissary, a continuous circular blast freezer was installed that has reduced the time required to freeze our restaurant products from as long as six hours to an hour or less. At the Miami commissary we installed a new cryogenic tunnel and production equipment that eliminate product rehandling in the freezing and packaging of seafoods and provide superior quality at reduced cost.

Late in the year construction was started on a new meat commissary in Quincy, Mass. to replace a leased commissary nearby that is no longer adequate for our needs. This new facility will process selected items for distribution to the entire country and prepare fresh meats for the New England area.

Grocery Products Division

Supermarkets and groceries sold more Howard Johnson's take-home foods and packaged ice cream in 1966 than ever before.

Our broad programs to extend distribution and develop new products have brought about significant growth and expansion in this phase of our business and established



High-speed equipment increases canning line efficiency, cuts processing time.

the company as a growing factor in the retail food industry. By entering the important Chicago market area we extended distribution to 28 states and markets serving 40 per cent of the country's population.

In 1966 sales rose 25 per cent to a record volume of approximately $10 million. Thirty-one million packages of frozen and canned food products were prepared in our commissaries and displayed in retail freezers and on grocers' shelves.

New products—frozen corn toastees, orange toastees, haddock au gratin, and Manhattan clam chowder—were added to the established product line consisting of frozen fried clams, shrimp croquettes, chicken croquettes, baked macaroni and cheese, coconut cake, fudge cake, New England clam chowder, baked beans, brown beef gravy, turkey giblet gravy, and, of course, ice cream.

Vigorous marketing support was provided at the trade level by extensive sales promotion programs integrated with consumer advertising. Our company's first color TV advertising campaigns were presented for frozen foods and ice cream. A full-page color advertising campaign in four major women's magazines was introduced near the end of the year.

Packages and labels for the entire product line were redesigned to feature the image of the orange roof adopted during the year as the new corporate symbol.

To describe its operations more precisely, the division's name was changed to the Grocery Products Division from the Wholesale Division.

Beverage Division

Following the introduction of HoJo Cola in our restaurants in the preceding year, the newly created Beverage Division developed a complete line of HoJo soft drinks in cans and non-returnable bottles for sale through supermarket chain stores and other retail outlets.

The beverages are canned and bottled by independent contractors under the supervision of company quality control personnel and are sold to retailers through food brokers. Marketing support is provided by a sales promotion program, including point-of-sale displays and color TV and radio advertising campaigns.

HoJo carbonated soft drinks in six flavors were introduced in test market area stores in New England and upper New York State during the late summer. A line of complementary dietetic flavors followed in the early winter months. We will continue our New England—upper New York State test market operations in 1967 to complete the introductory phase of our marketing plan.

The huge soft drink market offers us great potential. Our entry into it is part of a continuing program to seek out and develop new areas of profit and growth that will supplement our basic business.

Landmark Supply Division

The Landmark Supply Division was established late in 1965 to make fuller use of the company's skills in the procurement of restaurant equipment and motor lodge furnishings. The division already has succeeded in realizing substantial cost savings for the company, licensee operators, and other customers.

15 031
12-12 Oz.
Howard Johnson's

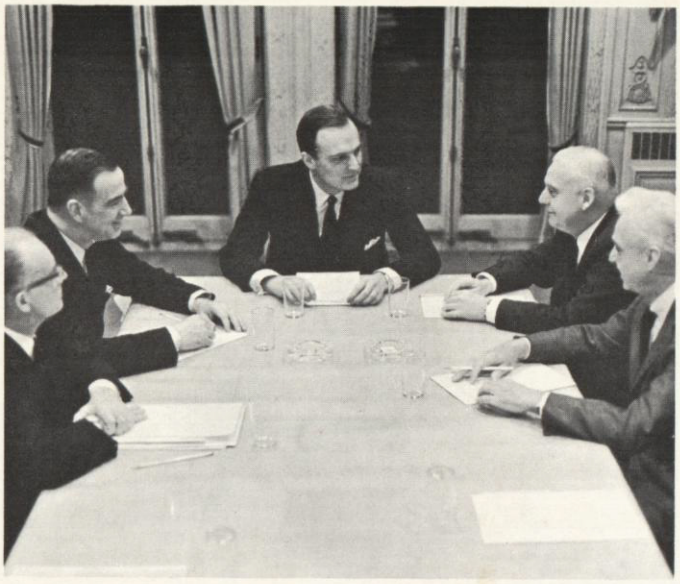
Directors

Howard B. Johnson	President
Eugene J. Durgin	Executive Vice President—Legal and Corporate Affairs, Secretary and General Counsel
Charles M. Enders	Partner of F. S. Moseley & Co., New York, New York
William J. Martin	Chairman of the Board—South Shore National Bank, Quincy, Massachusetts
Fred Smith	Consultant—Office of the Rockefeller Family & Associates

Officers

Howard B. Johnson*	President
Eugene J. Durgin*	Executive Vice President—Legal and Corporate Affairs, Secretary and General Counsel
John H. Wyllie*	Executive Vice President—Finance, Treasurer
Howard P. Cummings*	Executive Vice President—Operations
A. A. Stambaugh Jr.*	Executive Vice President—Administration
Pierre Franey	Vice President and Executive Chef
Fredrich H. Thomforde	Vice President in Charge of a Division
Americo Imperiali	Vice President in Charge of the New York Commissary
Merlin A. Perkins	Assistant Treasurer and Controller
Edgar L. Andlauer	Assistant Treasurer
Joseph V. Cronin	Assistant Secretary

* ..... Members of the Management Planning Committee



The announcement in 1966 of the election of four men to fill new corporate positions as executive vice presidents gave formal recognition to the increased responsibilities that the growth and expansion of our company have placed upon our management group. These four men are immediately responsible for the execution of corporate policies and the planning necessary to ensure coordination of staff and operating activities with over-all company objectives. They are:

Howard P. Cummings, Executive Vice President-Operations.

Mr. Cummings became associated with the company as a restaurant manager in 1937. He became general manager of Florida operations in 1949 and was named president of the Southern Division in 1963.

Eugene J. Durgin, Executive Vice President-Corporate and Legal Affairs, Secretary and General Counsel.

Mr. Durgin joined the company's Legal Department in 1941. From 1956 to the present he has been general counsel. He was first elected to the company's Board of Directors in 1964.

John H. Wyllie, Executive Vice President-Finance, Treasurer.

Mr. Wyllie joined the company as an accountant in 1941. He was named controller in 1946, became assistant treasurer in 1951, chief accounting officer in 1961 and treasurer in 1963.

A. A. Stambaugh Jr., Executive Vice President-Administration.

Mr. Stambaugh joined the company during the year to assume the duties of this new post. He was formerly vice president in charge of the eastern marketing region of a major petroleum company and has had extensive administrative experience.

In April we held our first National Management Conference, bringing together all members of the National Legal, Financial, Operations, and Staff Groups, and the Executive Management Committee, under the direction of Mr. Howard B. Johnson. The meeting, held in New York, was devoted to planned changes in the company's organizational structure and other corporate developments.

The "Assistant to the President" program, instituted in 1964, was continued in 1966. This program offers middle management executives from various parts of the country the opportunity to spend time at executive headquarters in New York studying corporate operations and procedures under the direction of the president and his executive staff. In addition, three company executives were graduated from special courses in advanced management and management development conducted at the Harvard Graduate School of Business Administration, continuing the program instituted in 1965.

Counsel	Herrick, Smith, Donald, Farley & Ketchum Boston, Massachusetts
Auditors	Price Waterhouse & Co., Boston, Massachusetts
Transfer Agents	Old Colony Trust Co., Boston, Massachusetts The Chase Manhattan Bank, New York, New York
Registrars	The First National Bank of Boston, Boston, Massachusetts Manufacturers Hanover Trust Company New York, New York
The Annual Meeting	of the stockholders will take place at 11:00 A.M. (E.S.T.) Monday, April 24, 1967 at the Howard Johnson Company offices, 89 Beale Street, Wollaston, Massachusetts.

PRINTED IN U. S. A.